

AR08



CITY SAVINGS & TRUST COMPANY
1972 Annual Report

City Savings & Trust Company operates nine branches in five Canadian Provinces plus a large network of sub-agents in Alberta, Manitoba, Saskatchewan and Ontario. Additional branches are planned for 1973 including a second branch in Toronto.

Recognising the public's demand for shopping convenience, three new branches were opened in 1972 including relocation of the main branch to the corner of the McLeod Building, Edmonton; the first Toronto branch; and the first venture into a shopping centre location at Londonderry Mall in Edmonton.



To maintain the high level of efficiency essential to the company's success, branch managers confer frequently with Assistant General Manager Tom Cross. Pictured here at a recent conference are [left to right]:

Michael McLean, King Edward Hotel branch, Edmonton; Donald Jones, Victoria; Trevor Jones, Toronto; Ray Burwash, Winnipeg; Otto Froelich, Vancouver; Assistant General Manager Tom Cross; James Head, Calgary; Ian Sutherland, Regina; William Gordon, Londonderry branch, Edmonton; James Ryckman, Main Branch, Edmonton.

Directors

SENATOR DAVID A. CROLL, Q.C.
Toronto, Ontario, *Chairman of the Board*

SAMUEL BELZBERG, B.Comm.
Vancouver, British Columbia, *President*

SENATOR ALLISTER GROSART, B.A.
Toronto, Ontario

WILLIAM BELZBERG
Calgary, Alberta, *Vice-President*

JOSEPH H. SHOCTOR, Q.C.
Edmonton, Alberta, *Secretary*

W. BERNARD HERMAN, Q.C.
Toronto, Ontario

HYMAN BELZBERG
Calgary, Alberta

MORLEY KOFFMAN
Vancouver, British Columbia

CITY SAVINGS & TRUST COMPANY

A Subsidiary of First City Financial Corporation Ltd.

Head Office

McLeod Building
Edmonton 15, Alberta 429-4811

Branch Offices

TORONTO: 95 Yonge Street	864-1090
WINNIPEG: 369 Portage Avenue	947-1543
REGINA: 1861 Hamilton Street	522-2691
CALGARY: 366 - 7th Avenue, S.W.	266-8851
EDMONTON: McLeod Building	429-4811
King Edward Hotel	429-5966
Londonderry Mall	476-7661
VANCOUVER: 777 Hornby Street	688-9421
Mortgage Department	687-6851
VICTORIA: 1306 Douglas Street	383-4141

Member Canada Deposit Insurance Corporation

**CITY
TRUST**

**CITY
SAVINGS
& TRUST
COMPANY**

**SIX MONTH
REPORT
TO JUNE 30
1972**

PRESIDENT'S REPORT

The record period of growth enjoyed by your company over the past 18 months continued during the first half of this year, with net earnings to June 30, 1972, reaching a new high of \$447,602. This is a healthy increase of 75 per cent from \$255,185 for the first six months of 1971. Earnings per share at the six-month mark were 52.5 cents compared with 36.1 cents from the first half of last year. Share earnings have been computed on a weighted average basis following an issue of 150,000 additional treasury shares February 22.

Highlights of the latest fiscal period include: a gain of more than \$17 million or 32.3 per cent in customer deposits from the corresponding period last year; a rise of \$11 million or 21.7 per cent in investments; and an increase of nearly \$21 million or 34.6 per cent in assets. Our cash and short term deposits were also up substantially, placing City Trust in a highly favourable position to take advantage of the renewed demand for investment and mortgage funds. We already have large mortgage commitments for these funds which will be placed in the second half.

These figures reflect the successful expansion in the range of financial services which your company is now able to offer to its customers, and, the improved service to depositors through our new operations in Edmonton and Toronto. The rapid success of our Toronto branch since its opening in February has confirmed our belief that your company can look to a bright future in eastern Canada.

This August sees our next expansion with the first opening of a City Trust branch in a major regional shopping centre, Londonderry Mall in north-east Edmonton. To date, branches have been located exclusively in the downtown core. However, Londonderry, with its large regional market and the highest concentration of retail merchandisers in western Canada, provides an ideal location for new business development, and we will be watching results with a great deal of interest.

The financial growth for the first half of 1972 met the projections for City Trust set by management, and we are anticipating a continuing upward trend for the balance of the year. The current business climate is much stronger than a year ago, and interest rates, which have an important bearing on your company's operations, appear to have stabilized for the immediate future. Participating in this more vigorous economic climate, we are confident we can continue to achieve a strong growth rate in the months ahead.

Samuel Belzberg

Samuel Belzberg,
President

FINANCIAL SUMMARY

For the Six Months Ended June 30, 1972

Income Accounts

	1972	1971
Income before taxes	\$ 765,467	\$ 480,968
Provision for income taxes	317,865	225,783
Net income	<u>\$ 447,602</u>	<u>\$ 255,185</u>

Earnings per share 52.5c* 36.1c ✓

Balance Sheet Accounts

Cash and short term deposits	\$18,042,731	\$ 8,779,539
Investments	\$61,718,525	\$50,712,060
Customers' deposits	\$72,941,902	\$55,136,620 ✓
Capital and reserve	\$ 6,554,002	\$ 3,992,918
Total assets	\$81,412,813	\$60,488,408 ✓

*(Weighted Average)



1972

Annual Report

CITY SAVINGS & TRUST COMPANY

HEAD OFFICE McLeod Building, Edmonton 15, Alberta

BRANCH OFFICES

Toronto	95 Yonge Street, 864-1090
Winnipeg	369 Portage Avenue, 947-1543
Regina	1861 Hamilton Street, 522-2691
Calgary	336 - 7th Avenue, S.W., 266-8851
Edmonton	McLeod Building, 429-4811 King Edward Hotel, 429-5966 Londonderry Mall, 476-7661
Vancouver	777 Hornby Street, 688-9421
Victoria	1306 Douglas Street, 383-4141
Kamloops	210 - 155 Victoria Street, 374-2136

Member Canada Deposit Insurance Corporation

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Directors and Officers

Directors

Senator David A. Croll, Q.C.
Toronto, Ontario, *Chairman of the Board*
Samuel Belzberg, B.Comm.
Vancouver, British Columbia, *President*
Senator Allister Grosart, B.A.
Toronto, Ontario
William Belzberg
Calgary, Alberta
Joseph H. Shocter, Q.C.
Edmonton, Alberta
W. Bernard Herman, Q.C.
Toronto, Ontario
Hyman Belzberg
Calgary, Alberta
Morley Koffman
Vancouver, British Columbia

Officers

Senator David A. Croll, Q.C.
Chairman of the Board
Samuel Belzberg, B.Comm.
President and General Manager

William Belzberg
Vice-President
Joseph H. Shocter, Q.C.
Secretary
Thomas A. Cross, B.Comm., C.A.
Assistant General Manager
Ross King
Chief Mortgage Officer
James Fliczuk, C.A.
Comptroller

Auditors

Deloitte, Haskins & Sells
Chartered Accountants

Bankers

Bank of Montreal
Canadian Imperial Bank of Commerce
Royal Bank of Canada
The Toronto-Dominion Bank

Stock Exchange Listing:

Toronto Stock Exchange

Advisory Boards:

EDMONTON:

E. S. Neils, vice-president, Molson Breweries
Alberta Ltd;
C. J. Varvis, Links Associate Clinic.

CALGARY:

G. Harris, president, Sovereign Castings Ltd;
Dr. J. R. Ibberson, MD, Lake Bonavista
Medical Clinic;
R. M. Proctor, Barrister, Nesbitt, Beaumont,
Proctor, Church, Scott, DeTaoli & Kinney.

WINNIPEG:

W. A. Rose, Manitoba Distributor, Joseph E.
Seagram & Sons Ltd.
J. Schimnowski, president, Western Paint Co.
Ltd.
G. Prost, hotel owner.
P. Del Bigio, president, Del Bigio Invest-
ments Ltd.
R. Couture, managing director, Radio CKSB.

VICTORIA:

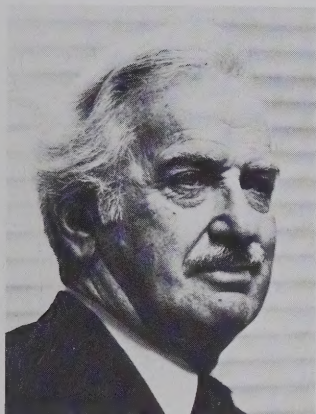
J. Chew, president, Chew Excavating Ltd.
C. Savage, pharmacist.
D. Skillings, barrister, Fulton, Cummings,
Richards & Skillings.
G. Green C.A., Green, Horwood, Munro &
Company.

VANCOUVER

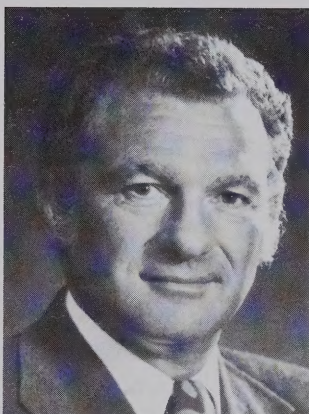
R. G. Saunders, president, Smith Bros. &
Wilson;
M. M. Ryan, president, Ryan Investments
Ltd.
Dean P. H. White, University of B.C.

REGINA

J. W. Kanuka, barrister, Pierce, Hleck,
Kanuka, Goetz, Thuringer, Kaufman &
Semewchuck;
C. H. Knight, president, Denro Holdings Ltd.
D. B. Grant, president, Walter M. Logan Co.
Ltd.
R. J. Mihalicz, Saskatchewan Hospital
Association.



Senator David A. Croll, Q.C.
Chairman of the Board



Samuel Belzberg, B. Comm.
President

Report to Shareholders

1972 marked the tenth anniversary of City Savings & Trust Company and was appropriately our most successful year to date. Record increases were achieved in customer deposits, mortgage investments and earnings which, for the first time, resulted in net income exceeding \$1 million. With our entry into Ontario in February, we achieved another first in our ability to handle customer requirements on a national basis.

We can look back with some pride on a decade of growth in earnings which has placed City Trust among the top ten trust companies in Canada. The pace of our expansion has been particularly evident in the past three years during which customer deposits, shareholder equity and gross revenues have more than doubled.

The Canadian economy in 1972 was much more buoyant than during the preceding 12 months despite the continued problems of inflation and high unemployment. This buoyancy was reflected in improved profits during the year for most major corporations and in renewed confidence in consumer spending. The increased availability of funds had a major effect in keeping interest rates well below the high levels which had prevailed in 1971 and we are looking to a continued maintenance of rates at or near present levels.

Mortgage funding has always been a primary role of your company and during 1972 we recorded the largest increase ever in our mortgage portfolio with a gain of 63 percent to a new high of \$67.8 million. Despite the increasing competitiveness of

the mortgage market, we already have a large volume of funds committed for 1973 projects at rates which should ensure a good return for City Trust.

It is interesting to note in reviewing the growth of City Trust that we were a pioneer in the provision of interim or bridge financing for developers in Western Canada, an area of business which is now attracting the interest of other mortgage lenders. In 1968, we were among the first to accept residential mortgage loans on condominium units which are now written by most companies. We plan to continue as an innovative company in the future.

During the past year we have strengthened the mortgage operations in each of our main centres of business and at the year-end introduced a new mortgage lending vehicle, CST Mortgage Corporation Ltd. in which we have 60 percent of the equity, with First City Financial Corporation Ltd. our parent company, holding the remaining 40 percent. This new company is capitalized at \$3 million and will act as a mortgage lender and a mortgage broker primarily to the real estate and development industry. With the addition of this company to complement our existing mortgage services we can now handle and service any type of mortgage financing.

We are also presently working on the introduction of another new subsidiary, Citrust Developments Ltd. which will specialize in arranging mortgage financing and acquiring and leasing industrial buildings through an arrangement with a national manufacturer of prefabricated buildings. The role of this new subsidiary will include site selection and complete financing services.

These are just two of the innovative moves we are making to increase the profitability of City Trust. At the same time, we are expanding our existing services, both through a program of new branch openings and through extension of financial services to present and potential customers.

During the past year, the number of customer accounts in City Trust exceeded 27,000 with deposits rising by more than 51 percent to \$89.4 million. The objective of your management, to provide complete financial services to our clients, is being achieved through a program of expansion and innovation by our staff at all levels who have responded with excellent results.

Senator David A. Croll
Chairman of the Board

Samuel Belzberg
President



Review of Operations

Financial Results

Net income for 1972 was \$1,063,667 or \$1.23 a share compared with \$658,411 or 93 cents a share in 1971, an increase of 61 percent. Earnings per share are based upon the weighted average number of shares outstanding during the year — 867,344 for 1972 and 706,927 for 1971.

Gross revenue from savings, mortgage, property management and real estate departments amounted to a record \$8,214,472, a rise of 26 percent from \$6,507,425 while net income from operations was up 40 percent at \$950,278 against \$676,959.

Operating expenses rose from \$5,276,446 to \$6,566,740 reflecting the extension of our services, establishment of new branches and increased interest payments on guaranteed accounts.

Dividends

During 1972 the dividend rate was increased by 33 percent, from 12 cents per share to 16 cents per

share, payable in semi-annual installments of eight cents. Your Directors have decided to increase the dividend rate for 1973 by 50 percent to 24 cents so that shareholders can benefit directly from the improved earnings.

Since the dividend policy commenced in 1967, City Trust has paid out a total of \$465,893 in dividends to shareholders.

Assets Under Administration

Total assets under administration at the year end were approximately \$207 million, an increase of more than \$34 million from 1971. This included our own assets amounting to \$98 million and those administered for estates, trusts and agencies totalling \$109 million.

City Trust assets in the year increased by more than \$33 million. This was largely the result of a substantial increase in our mortgage investments from \$41.6 million to \$67.8 million and, in part, to an increase in cash and short term notes, many of which are committed for new mortgage investments in 1973.

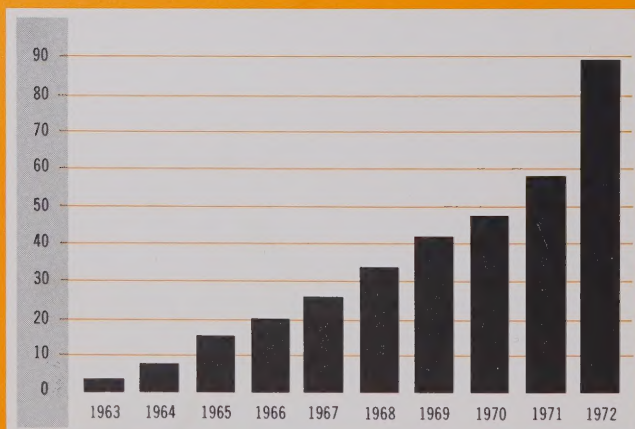
Shares

During 1972, City Trust completed an underwriting of 175,000 common shares at \$11.25 per share, netting the company treasury \$1.8 million, which enabled us to increase our capital base and expand our programs without the need for additional new financing.

Shares of City Trust were listed on the Toronto Stock Exchange in March at \$11 $\frac{1}{4}$ and have since reached a high of \$16 $\frac{1}{4}$.

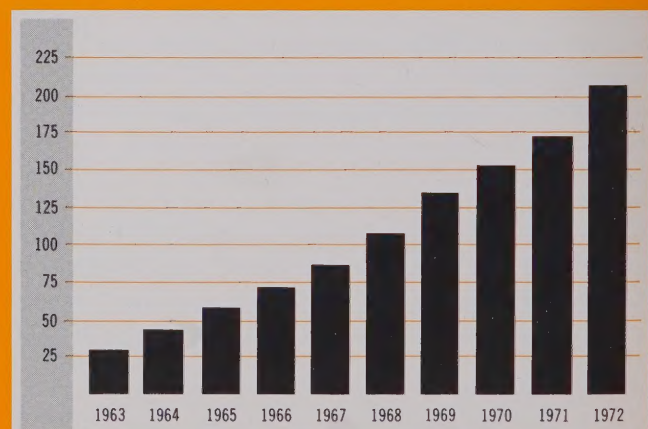
Deposits

Millions of dollars



Total Assets under Administration

Millions of dollars



We do not expect to require further equity financing in the foreseeable future. Our expansion programs will be made by reinvesting profits which are expected to increase substantially in future years.

Branches

Three new branches were opened in 1972 bringing the total number of full line branches to nine. The company's first branch, in the McLeod Building, Edmonton, was moved to a larger corner location in the same building while the head office was expanded and renovated. The first Ontario branch was opened in the heart of Toronto's financial district on Yonge Street, and our first operation in a regional shopping centre was opened at the Londonderry Mall in Edmonton.

City Trust also has offices in Winnipeg, Regina, Calgary, Vancouver and Victoria and a branch in the King Edward Hotel, Edmonton.

Plans have already been announced for a second Toronto branch at Dufferin & St. Clair to be opened in June, 1973, and we are actively considering at least three locations in other provinces.

In addition to branch operations, City Trust has a network of sub-agencies operating in Manitoba, Saskatchewan, Alberta and Ontario.

Deposits

Savings and term deposits at the end of 1972 totalled a record \$89,485,481, an increase of 51.8 percent from the previous year's \$58,938,561.

Savings and chequing deposits increased from \$13.7 million in 1971 to \$17.6 million; and term deposits from \$45.1 million to \$71.7 million.

Guaranteed Investment Certificates are issued in terms of from one to five years. Short term GIC's are issued for periods of from 30 to 364 days.

The growth in deposits has been one of the most satisfactory areas of business in the past decade, reflecting the increasing confidence of customers in City Trust. At the same time, the number of accounts handled by the company has increased from 2,600 in our first year to more than 27,200 in 1972.

Mortgages

The largest percentage increase in 1972 was in our mortgage portfolio which rose from \$41,665,886 in the previous year to \$67,838,789, a gain of 63 percent. Our investment in mortgages has more than doubled in the past two years and will increase substantially again in 1973. A large number of mortgage commitments have already been made at highly favourable rates.

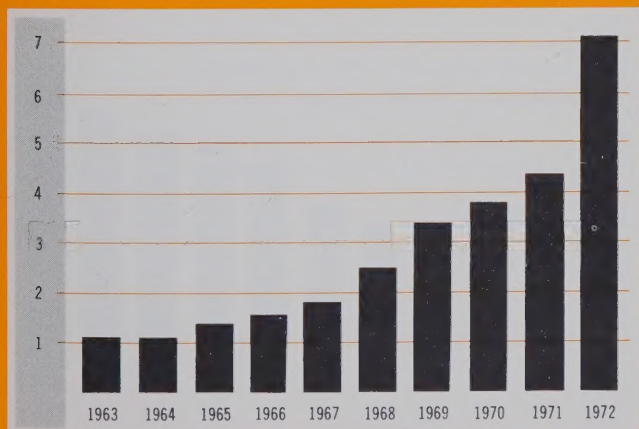
Traditionally, City Trust has specialised in servicing the development community with short term interim financing for construction, but in the past two years we have been making heavier commitments in conventional longer term mortgages to ensure broader spread in our mortgage portfolio.

Through a planned program of expansion we have been able to accomplish this growth without diminishing our long established service to the development industry.

During the past year under the guidance of our chief mortgage officer, we have decentralised our mortgage operations setting up regional management in five branch areas where we are able to make quick decisions and provide service with a minimum of delay.

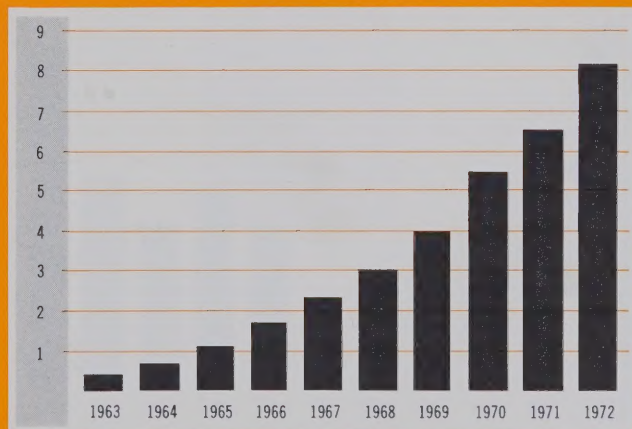
Shareholders' Equity

Millions of dollars



Gross Revenues

Millions of dollars



CST Mortgage Corporation Ltd.

The formation of CST Mortgage Corporation Ltd. at the end of 1972 represents the first move in a planned program of diversification for City Trust which will enable the company to broaden its services into more profitable areas.

CST Mortgage, in which City Trust has a 60 per cent equity position, is capitalized at \$3 million, and will act as a mortgage lender and mortgage broker, complementing our existing mortgage services. With substantial lines of credit secured this new company will direct its services primarily at the real estate and development industry and we anticipate it will make a significant contribution to earnings in 1973.

Real Estate & Property Management

The real estate sales and property management divisions represent a small but growing proportion of your company's business. Real Estate offices are maintained in most of our major centres of operation, enabling us to offer these services on an inter-city basis and to provide a guaranteed sales plan.

City Trust is also well established in the property management field, managing 40 apartment buildings containing more than 2,660 units, 32 shopping centres, 12 warehouses and 13 office buildings.

Real estate sales and property management constitute an important service to our customers, which we plan to expand in the years ahead.

Estates and Trusts

The estate and trustee operations of City Trust are an integral part of our total range of services and, while to date they have not been large, we nonetheless look to an increasing proportion of this type of

business from existing and potential customers as we open additional branches.

We also act as corporate transfer agent and registrar for public companies in each province in which we have branches. The growth of this division was slowed somewhat during the decline in the Canadian securities market, but with increased interest leading to new underwritings, we anticipate considerable improvement in 1973.

Staff

City Trust has approximately 190 employees operating in its various divisions. During the year we strengthened our divisional management to enable us to meet the growth potential of the company. The results achieved during the past year are in large measure attributable to their efforts and high level of efficiency.

Advisory Boards

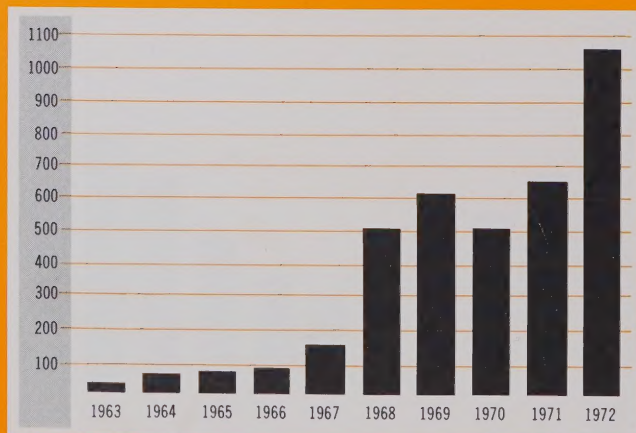
City Trust relies for local advice on its advisory boards in each branch city. These groups of local businessmen have provided an invaluable service by keeping their fingers on the pulse of business activity. We were pleased to welcome several new advisory board members during the year.

Outlook

The outlook for 1973 is extremely favourable. We are moving ahead quickly to computerize more of our services, thereby increasing efficiency. Growth in our branch network follows extensive market research and we anticipate early profitability. Increased mortgage commitments are already assured and, with the introduction of new subsidiary companies we look to further increases in earnings in the year ahead.

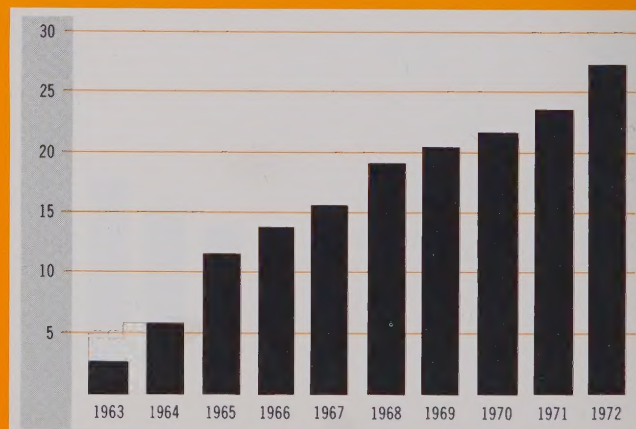
Net Earnings

Thousands of dollars



Growth of Accounts

Thousands of accounts



Statement of Income

For the Year Ended December 31, 1972

[with 1971 figures for comparison]

	<u>1972</u>	<u>1971</u>
	\$	\$
REVENUE:		
Income from investments	6,737,752	5,272,591
Fees, commission and other income	1,438,948	1,203,171
Net rental income (less depreciation — 1972 - \$20,325; 1971 - \$18,714)	<u>37,772</u>	<u>31,663</u>
Total Revenue	<u>8,214,472</u>	<u>6,507,425</u>
EXPENSE:		
Interest on guaranteed account	4,318,338	3,505,556
Salaries and employee benefits	1,007,258	814,821
Operating and administration	1,204,553	911,684
Depreciation and Amortization	<u>36,591</u>	<u>44,385</u>
Total expense	<u>6,566,740</u>	<u>5,276,446</u>
INCOME FROM OPERATIONS BEFORE INCOME TAXES	<u>1,647,732</u>	<u>1,230,979</u>
PROVISION FOR INCOME TAXES:		
Current	419,166	496,153
Deferred [Note 2]	<u>278,288</u>	<u>57,867</u>
	<u>697,454</u>	<u>554,020</u>
NET INCOME FROM OPERATIONS	950,278	676,959
NET GAIN (LOSS) ON EQUITY INVESTMENTS — net of income taxes of \$78,107 (1971 - \$ nil)	<u>113,389</u>	<u>(18,548)</u>
NET INCOME FOR THE YEAR	<u>1,063,667</u>	<u>658,411</u>
EARNINGS PER SHARE: [Note 6]		
Net income from operations	<u>1.10</u>	<u>.96</u>
Net income for the year	<u>1.23</u>	<u>.93</u>

The accompanying notes are an integral part of the financial statements.

Balance Sheet

as at December 31, 1972

[with 1971 figures for comparison]

City Savings & Trust Company (Incorporated by Special Statute, Province of Alberta)

ASSETS		1972	1971
		\$	\$
CASH AND CERTIFICATES OF DEPOSIT:			
Cash		2,191,352	689,126
Deposit receipts of chartered banks		1,075,804	801,848
Short term notes and collateral loans		8,454,910	4,787,747
		<u>11,722,066</u>	<u>6,278,721</u>
INVESTMENTS: [Note 1]			
Securities:			
Government bonds		7,044,647	7,097,578
Corporate bonds		5,683,845	4,677,605
Stocks		4,122,025	3,820,504
		<u>16,850,517</u>	<u>15,595,687</u>
Mortgages and secured loans		67,838,789	41,665,886
Real Estate		536,699	528,218
		<u>85,226,005</u>	<u>57,789,791</u>
Total cash, certificates of deposit and investments		96,948,071	64,068,512
ACCOUNTS RECEIVABLE:			
Investment brokers		29,153	80,257
Other, including fees and commission		623,244	494,711
Income taxes recoverable		14,668	—
PREPAID EXPENSES		104,172	86,590
PREMISES, OFFICE EQUIPMENT AND FURNISHINGS — at cost less accumulated depreciation		388,454	—
DEFERRED EXPENSES — at cost less amounts written off		30,556	3,446
TOTAL ASSETS		<u>98,138,318</u>	<u>64,733,516</u>

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	<div> <div>1972</div> <div>\$</div> </div>	<div> <div>1971</div> <div>\$</div> </div>
GUARANTEED ACCOUNT:		
Savings and chequing deposits	17,693,277	13,748,046
Investment certificates	71,792,204	45,190,515
	<u>89,485,481</u>	<u>58,938,561</u>
ACCOUNTS PAYABLE:		
Investment brokers	151,305	469,879
Other	420,512	284,938
Income taxes	—	102,722
	<u>571,817</u>	<u>857,539</u>
DEFERRED CREDITS:		
Mortgage fees	526,844	393,228
Income taxes [Note 2]	471,777	195,888
	<u>998,621</u>	<u>589,116</u>
SHAREHOLDERS' EQUITY:		
Capital stock: [Note 3]		
Authorized — 2,500,000 shares of a par value of \$2 each		
Issued and fully paid — 1972-881,927 1971-706,927	1,763,854	1,413,854
Surplus and reserve	5,318,545	2,934,446
	<u>7,082,399</u>	<u>4,348,300</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u>98,138,318</u>	 <u>64,733,516</u>

APPROVED BY:


 Chairman of the Board


 President and General Manager

Statement of Source and Use of Funds

For the Year Ended December 31, 1972

[with 1971 figures for comparison]

	<u>1972</u>	<u>1971</u>
	\$	\$
SOURCE OF FUNDS:		
Net income for the period	1,063,667	658,411
Add — Depreciation, amortization and deferred taxes	<u>332,805</u>	<u>117,521</u>
Funds from operations	1,396,472	775,932
Customer deposits — net	30,546,920	11,290,268
Proceeds from sale of shares [Note 3]	1,811,540	—
Sale of securities — net	—	1,469,437
Sale of premises, equipment and furnishings — net	—	177,800
Sale of real estate — net	<u>—</u>	<u>203,155</u>
	<u>33,754,932</u>	<u>13,916,592</u>
USE OF FUNDS:		
Invested in securities — net	1,254,830	—
Invested in mortgages & secured loans — net	26,172,903	11,057,032
Additions to premises and equipment — net	417,405	—
Additions to real estate — net	28,806	—
Payment of dividends	141,108	84,831
Other	<u>296,535</u>	<u>320,994</u>
	<u>28,311,587</u>	<u>11,462,857</u>
INCREASE IN FUNDS FOR THE YEAR	5,443,345	2,453,735
CASH AND CERTIFICATES OF DEPOSIT AT BEGINNING OF THE YEAR	<u>6,278,721</u>	<u>3,824,986</u>
CASH AND CERTIFICATES OF DEPOSIT AT END OF THE YEAR	<u>11,722,066</u>	<u>6,278,721</u>

The accompanying notes are an integral part of the financial statements.

Statement of Surplus and Reserve

For the Year Ended December 31, 1972

[with 1971 figures for comparison]

	<u>1972</u>	<u>1971</u>
	\$	\$
EARNED SURPLUS:		
Balance at beginning of the year	2,002,330	1,428,750
Adjustment of prior year's income taxes	<u>7,962</u>	<u>7,962</u>
As restated	1,994,368	1,420,788
Net income for the year	<u>1,063,667</u>	<u>658,411</u>
	3,058,035	2,079,199
Less Dividends	<u>141,108</u>	<u>84,831</u>
Balance at end of the year	<u>2,916,927</u>	<u>1,994,368</u>
CONTRIBUTED SURPLUS:		
Balance at beginning of the year	440,078	440,078
Premium on issue of shares		
— less cost of issue [Note 3]	<u>1,461,540</u>	<u>—</u>
Balance at end of the year	1,901,618	440,078
GENERAL RESERVE:		
Balance at beginning and at end of the year	<u>500,000</u>	<u>500,000</u>
TOTAL SURPLUS AND RESERVE	<u>5,318,545</u>	<u>2,934,446</u>

The accompanying notes are an integral part of the financial statements.

Auditor's Report

To the Shareholders of
City Savings & Trust Company:

We have examined the balance sheet of City Savings & Trust Company as at December 31, 1972 and the statements of income and of surplus and reserve and of source and use of funds for the year then ended and have obtained all the information and explanations we have required. As part of our examination, which included a general review of accounting procedures and such tests of accounting records as we considered necessary in the circumstances, we verified the cash and securities of the company.

In our opinion, and according to the best of our information and the explanations given to

us and as shown by the books of the company, these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and use of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

All transactions of the company that have come within our notice have been within the powers of the company, except as stated in Note 5 to the Financial Statements.

Deloitte, Haskins & Sells
Chartered Accountants.

Edmonton, Alta.
February 19, 1973

Notes to Financial Statements

December 31, 1972

1. Investments

The investments in securities are recorded at amortized cost plus accrued income.

The market values are:

	<u>December 31,</u> <u>1972</u>	<u>December 31,</u> <u>1971</u>
	\$	\$
Government Bonds	6,020,452	6,167,279
Corporate Bonds	5,322,313	4,240,607
Stocks	<u>3,993,678</u>	<u>3,269,312</u>
	<u>15,336,443</u>	<u>13,677,198</u>

The Trust Companies Act (Alberta) permits bonds issued by or guaranteed by governments and bonds of corporations having a net shareholder equity of at least \$10,000,000 to be shown at amortized values and other securities to be valued at market, as undernoted:

	<u>December 31,</u> <u>1972</u>	<u>December 31,</u> <u>1971</u>
	\$	\$
Government Bonds	7,081,856	7,129,853
Corporate Bonds	5,645,247	4,614,480
Stocks	<u>3,993,678</u>	<u>3,269,312</u>
	<u>16,720,781</u>	<u>15,013,645</u>

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon. Real Estate is recorded at cost less accumulated depreciation of 1972 \$64,807; 1971 \$44,482.

2. Deferred Income Taxes

The deferred portion of the current year's provision for income taxes shown in the statement of income is the amount by which the income taxes otherwise payable in respect of the year have been reduced by claiming certain expenses for tax purposes in excess of amounts recorded in the accounts.

The resulting tax reduction is included in the balance sheet item, Deferred Income Taxes, which will be brought into income in those future years in which expenses claimed for income tax purposes are less than those recorded in the accounts.

3. Sale of Shares

The Company sold 175,000 common shares with a par value of \$2.00 each on February 22, 1972 at an issue price of \$11.25 per share. The net cash proceeds derived by the Company from the sale were \$1,811,540.

4. Long Term Leases

The Company's premises, equipment and furnishings are held under long term leases extending for varying terms up to a maximum of ten years. The aggregate amount of rentals in respect of long term leases in the year ended December 31, 1972 was \$240,544. The minimum annual rental payable under all leases currently in force during the next five years is \$250,000.

5. Statutory Regulations

The Trust Companies Act (Alberta), disqualifies certain types of transactions which were previously allowable. At December 31, 1972 the Company continues to hold investments of this type which are being progressively reduced.

6. Earnings Per Share

Earnings per share are based on the weighted average number of shares outstanding during the year.

7. Commitment

The Company has undertaken to acquire for \$1,000,000 a 60% interest in a mortgage corporation which is to bear the name CST MORTGAGE CORPORATION LTD.

10 Year Review

	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
REVENUE:										
Income from investments	6,737,752	5,272,591	4,550,966	3,335,149	2,458,693	1,790,474	1,371,022	733,179	307,240	97,264
Fees, commissions and other income	1,438,948	1,203,171	847,857	708,620	532,095	419,483	227,880	281,498	251,486	97,611
Net rental income (less depreciation)	<u>37,772</u>	<u>31,663</u>	<u>29,195</u>	<u>5,091</u>	<u>4,420</u>	<u>36,548</u>	<u>43,353</u>	<u>22,195</u>	<u>42,223</u>	<u>83,013</u>
TOTAL REVENUE	<u>8,214,472</u>	<u>6,507,425</u>	<u>5,428,018</u>	<u>4,048,860</u>	<u>2,995,208</u>	<u>2,246,505</u>	<u>1,642,255</u>	<u>1,036,872</u>	<u>600,949</u>	<u>277,888</u>
EXPENSE:										
Interest on guaranteed account	4,318,338	3,505,556	3,171,152	2,260,883	1,657,198	1,211,011	844,212	465,887	150,880	27,262
Salaries and employee benefits	1,007,258	814,821	621,888	451,256	394,383	316,298	266,787	232,192	168,529	107,855
Operating and administration	1,204,553	911,684	692,440	560,994	560,754	599,780	381,820	282,221	193,986	82,003
Depreciation and amortization	<u>36,591</u>	<u>44,385</u>	<u>64,025</u>	<u>87,990</u>	<u>96,689</u>	<u>86,516</u>	<u>76,323</u>	<u>61,787</u>	<u>27,947</u>	<u>16,344</u>
TOTAL EXPENSE	<u>6,566,740</u>	<u>5,276,446</u>	<u>4,549,505</u>	<u>3,361,123</u>	<u>2,709,024</u>	<u>2,213,605</u>	<u>1,569,142</u>	<u>1,042,087</u>	<u>541,342</u>	<u>233,464</u>
INCOME FROM OPERATIONS BEFORE INCOME TAXES	<u>1,647,732</u>	<u>1,230,979</u>	<u>878,513</u>	<u>687,737</u>	<u>286,184</u>	<u>32,900</u>	<u>73,113</u>	<u>(5,215)</u>	<u>59,607</u>	<u>44,424</u>
PROVISIONS FOR INCOME TAXES										
Current	419,166	496,153	404,865	320,837	122,866				1,838	4,303
Deferred	<u>278,288</u>	<u>57,867</u>	<u>20,460</u>	<u>7,568</u>	<u>15,146</u>	<u>29,323</u>	<u>35,535</u>	<u>11,620</u>	<u>9,755</u>	<u>8,614</u>
	<u>697,454</u>	<u>554,020</u>	<u>425,325</u>	<u>328,405</u>	<u>138,012</u>	<u>29,323</u>	<u>35,535</u>	<u>11,620</u>	<u>11,593</u>	<u>12,917</u>
NET INCOME FROM OPERATIONS	950,278	676,959	453,188	359,332	148,172	3,577	37,578	(16,835)	48,014	31,507
NET GAIN (LOSS) ON EQUITY INVESTMENTS — net of income taxes	<u>113,389</u>	<u>(18,548)</u>	<u>46,967</u>	<u>249,960</u>	<u>348,491</u>	<u>180,140</u>	<u>3,224</u>	<u>50,366</u>	<u>16,679</u>	<u>382</u>
NET INCOME FOR THE YEAR	<u><u>1,063,667</u></u>	<u><u>658,411</u></u>	<u><u>500,155</u></u>	<u><u>609,292</u></u>	<u><u>496,663</u></u>	<u><u>183,717</u></u>	<u><u>40,802</u></u>	<u><u>33,531</u></u>	<u><u>64,693</u></u>	<u><u>31,889</u></u>

Products and Services



People from all walks of life, people such as those pictured on our front cover, share one common goal: financial security. A major factor in achieving that goal is the assistance of a people-oriented company in which one has complete confidence. City Savings & Trust is such a company. We are proud of the confidence shown by customers and shareholders; the confidence that has enabled the company, in its ten years of operation to look forward continuously and to expand intelligently. Our philosophy has been, and will continue to be, the simple one of service. As we have grown our service has become more diverse, enabling City Trust to become a one-step financial centre for banking, investments, retirement plans, real estate, mortgages, and estate planning. Sustained effort, skill and competence have been melded together to provide the teamwork so vital to any company. Each division of City Trust is fully prepared to offer service to the individual, the corporation, the developer, to all business.



Savings Accounts

City Trust was not in existence when Canadian humourist Stephen Leacock wrote about his terrifying ordeal in opening a savings account. Perhaps it's just as well, for if the author had known about City Trust's service the world might have been deprived of a favourite short story. Opening a City Trust Savings Account is a simple, and because of high interest rates, a rewarding experience. Interest is calculated on the minimum monthly balance and credited to the account twice-yearly. Although cheques may not be issued on savings accounts, funds may be withdrawn at any time, either in person or by mail. City Trust savings account holders know that regular planned savings are a must in achieving the goal of financial security.



Chequing Accounts

There weren't as many banking services available in the 'good old days', but in the decade since City Trust came into being, things have changed. City Trust continues to add extras for its chequing account customers. Most recently we've introduced the minimal service charge, which means that for \$1 per month the customer may write any number of cheques. This could add up to quite a saving over a year. Another City Trust innovation is the popular Personal Photo Cheque, a good means of identification. City Trust chequing account holders may choose these or personalized cheques or Canadian scenic design cheques. Statements and cancelled cheques are provided on request and funds may be transferred at any time to high interest savings accounts or to Guaranteed Investment Certificates.



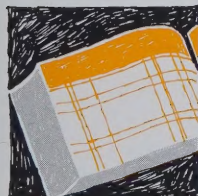
Personal Loans

Should the need to borrow money arise the request will be handled with discretion and despatch through the loan facilities available at City Trust.



Mortgages

From single family dwelling to subdivision development, no loan is too small or too large for City Trust's mortgage specialists. As an approved lender, under both the National Housing Act and the Mortgage Insurance Co. of Canada, City Trust contributes to the development and growth of family housing in Canada with home building loans and refinancing of existing homes. Interim financing can be obtained on construction projects of all sizes, from motor hotels to warehouses, and longer term permanent mortgage financing is provided for all types of improved real estate. The company, as well, assists in the purchase or sale of mortgage portfolios and can provide mortgage servicing facilities to its customers.



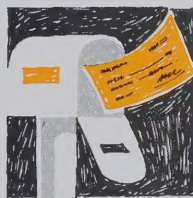
Personal and Corporate Trust

The knowledgeable personnel at City Trust can provide prompt attention to all aspects of the Transfer Agent and Registrar. In full compliance with legal and accounting needs, the company will facilitate the issuance of share certificates, maintenance of shareholders' record and transfer

ledgers, disbursement of dividends, mailing of reports and preparation of notices of meeting and proxy forms. City Trust also offers services for bond and debenture issues.

When nominated as executor and trustee of an estate, City Trust has the experience and empathy to provide quick and efficient settlement. An individual named as executor, administrator or trustee may appoint the company to act as agent while he retains all discretionary powers and the right to make decisions. With its variety of services City Trust will relieve him of the burden of complicated estate disposal.

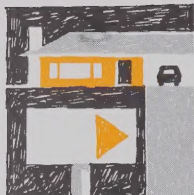
All aspects of estate management and trusteeship can be expertly handled by the experienced officers of City Trust.



Registered Retirement Savings Plans

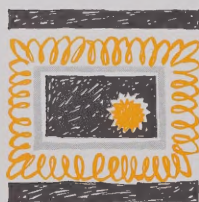
A dramatic increase in the popularity of City Trust RRSPs has been noted in recent years as the concerned taxpayer takes advantage of the federal ruling offering substantial tax savings to participants. Contributions to RRSPs are invested in Guaranteed Investment Certificates with the current five-year interest rate being paid annually on the total value of the plan. City Trust does not charge a management fee on the Guaranteed Investment Certificate portion of any retirement savings plan. Income earned by the plan is not taxable as long as the plan is in effect. Contributions may vary, however there is a minimum of \$100. Retirement savings may be withdrawn, after due notice, should the necessity arise, however contributors are reminded that funds withdrawn are taxable as income for the year in which withdrawal takes place. Any retirement date, prior to the participant's 71st birthday, may be selected. Upon retirement the contributor may use the funds to purchase an annuity best suited to his requirements. Arrangements may be made with any branch of City Trust for monthly deposits in RRSPs.

Products and Services



Real Estate

To keep pace with the increasing mobility of Canadians, City Trust has developed an inter-city referral and listing service which enables its Real Estate Division to **guarantee** the sale of a customer's home. Experience and reliability are two main factors of satisfactory real estate transactions. This is why City Trust's qualified, aware personnel can provide good results for both buyers and sellers of residential and commercial properties. Land assembly and appraisals are two additional services of City Trust's real estate division.



Guaranteed Investment Certificates

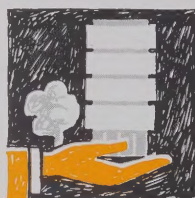
Prudent investors rely on proven ways to improve earnings. That, in part, explains the popularity of City Trust's Guaranteed Investment Certificates. Because the Certificates, in amounts of \$500 or more, pay a specified rate of interest, they are particularly attractive to people on a fixed income. Interest rates vary depending on the term chosen (from one to five years), with the five year Certificate earning the highest rate, and may be paid monthly, quarterly, semi-annually, annually or left to maturity. Monthly interest payments may be arranged on amounts over \$5,000. In the event of the death of the registered holder, principal and accrued interest may be paid to the estate upon application by the Executor. City Trust Guaranteed Investment Certificates are authorized investments for trustees.

City Trust is anxious to provide service to as many Canadians as possible and so it has developed a new, unique system of sub-agency operations, in many small communities in Manitoba, Saskatchewan, Alberta and Ontario which are able to accept term deposits.



Short Term Deposits

City Trust's experienced management team remains in constant communication with Canada's money markets so that it can offer expert attention to the investor in Short Term Deposits. These deposits, available in amounts of \$10,000 or more, are considered the ideal vehicle for temporary investment of from one to 364 days. Interest rates are available from any branch of City Trust.



Property Management

City Trust's Property Management Division can relieve the investor in income-producing real estate of the time-consuming responsibilities connected with this form of investment. With its consulting service available at any stage in the development of a real estate project, City Trust can cover any or all matters relating to management, leasing, administration, architecture, engineering and construction. A completely co-ordinated service enables the investor to operate efficiently and economically anywhere in Canada. Well versed, knowledgeable experts in all aspects of renting, leasing and servicing industrial, commercial and residential properties are ready to assist the real estate investor.

Pictured on the covers and on this page are new branches opened by City Trust in 1972. Front cover shows the exterior of our main branch in Edmonton and the photo below is an interior picture of our enlarged services in this new branch. Back cover shows the attractive new branch in Londonderry Regional Shopping Centre, Edmonton, the largest shopping centre of its kind in Western Canada.



The opening of the Toronto branch pictured here in February 1972 enabled City Trust to provide complete national services for its customers. The new branch, on Yonge Street, has proved so successful that we are moving ahead with a second Toronto branch in June, 1973.

CITY TRUST

